

**Wood Buffalo Food Bank Association**  
**Financial Statements**  
*July 31, 2020*

## **Management's Responsibility**

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To the Members of Wood Buffalo Food Bank Association:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors are composed entirely of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

October 17, 2020

*signed by "Dan Edwards"*

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Executive Director

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To the Members of Wood Buffalo Food Bank Association:

## Qualified Opinion

We have audited the financial statements of Wood Buffalo Food Bank Association (the "Association"), which comprise the statement of financial position as at July 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at July 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

In common with many charitable organizations, the Association derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were unable to determine whether any adjustments might be necessary to donations or fundraising revenue, excess (deficiency) of revenue over expenses and cash flows from operations for the years ended July 31, 2020 and 2019, current assets as at July 31, 2020 and 2019, and net assets as at August 1 and July 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended July 31, 2019 was also modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fort McMurray, Alberta

October 17, 2020

*MNP LLP*

Chartered Professional Accountants

# Wood Buffalo Food Bank Association

## Statement of Financial Position

*As at July 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	2,038,274	1,733,956
Term deposits (Note 4)	1,100,000	-
Accounts receivable (Note 12)	62,300	245,829
Accrued interest	18,090	-
Goods and services tax receivable	12,684	12,519
Prepaid expenses and deposits	115,182	53,004
	<b>3,346,530</b>	<b>2,045,308</b>
<b>Capital assets (Note 5)</b>	<b>48,760</b>	<b>124,439</b>
	<b>3,395,290</b>	<b>2,169,747</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	71,427	142,710
Government remittances payable	11,987	13,325
Deferred contributions related to operations (Note 6)	380,577	280,355
	<b>463,991</b>	<b>436,390</b>
<b>Deferred contributions related to capital assets (Note 7)</b>	<b>1,485</b>	<b>69,215</b>
	<b>465,476</b>	<b>505,605</b>
<b>Commitments (Note 9)</b>		
<b>Significant events (Note 12)</b>		
<b>Net Assets</b>		
Invested in capital assets	47,275	55,224
Internally restricted (Note 8)	1,300,538	1,300,538
Unrestricted	1,582,001	308,380
	<b>2,929,814</b>	<b>1,664,142</b>
	<b>3,395,290</b>	<b>2,169,747</b>

**Approved on behalf of the Board**

*signed by "Dean Wilcox"*

**Director**

*signed by "Kama Bosma"*

**Director**

*The accompanying notes are an integral part of these financial statements*

**Wood Buffalo Food Bank Association**  
**Statement of Operations**  
*For the year ended July 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		
Donated food products <i>(Note 2)</i>	3,310,648	1,620,687
Donations	1,773,477	374,813
Grants	704,162	667,841
Fundraising Programs <i>(Note 6)</i>	281,859	329,581
Other revenue	147,401	187,503
	92,488	85,610
Amortization of deferred capital contributions <i>(Note 7)</i>	67,730	31,783
Casino <i>(Note 6)</i>	58,282	56,758
Interest income	27,188	18,939
	<b>6,463,235</b>	<b>3,373,515</b>
<b>Expenses</b>		
Donated food products - distributed <i>(Note 2)</i>	3,310,648	1,620,687
Food purchases	898,911	452,156
Salaries and benefits	602,453	646,140
Rent	211,481	337,019
Supplies	45,281	68,979
Office	44,687	55,864
Warehouse	39,644	23,979
Travel	28,330	29,190
Insurance	26,086	12,773
Fundraising	23,760	25,853
Utilities	21,205	29,077
Amortization	20,316	56,988
Professional fees	20,116	18,000
Bank charges and interest	15,067	3,290
Licences and fees	6,585	4,702
Bad debts	5,101	8,530
Advertising	2,511	7,823
Board	277	2,598
	<b>5,322,459</b>	<b>3,403,648</b>
<b>Excess (deficiency) of revenue over expenses before other items</b>	<b>1,140,776</b>	<b>(30,133)</b>
<b>Other items</b>		
Insurance recoveries <i>(Note 12)</i>	180,844	-
Government subsidies <i>(Note 12)</i>	39,738	-
Impairment of capital assets <i>(Note 5), (Note 12)</i>	(95,686)	-
	<b>124,896</b>	<b>-</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>1,265,672</b>	<b>(30,133)</b>

*The accompanying notes are an integral part of these financial statements*

**Wood Buffalo Food Bank Association**  
**Statement of Changes in Net Assets**

*For the year ended July 31, 2020*

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	<i>Invested in capital assets</i>	<i>Internally restricted</i>	<i>Unrestricted</i>	<b>2020</b>	<i>2019</i>
<b>Net assets, beginning of year</b>	<b>55,224</b>	<b>1,300,538</b>	<b>308,380</b>	<b>1,664,142</b>	1,694,275
<b>Excess (deficiency) of revenue over expenses</b>	<b>(48,272)</b>	-	<b>1,313,944</b>	<b>1,265,672</b>	(30,133)
<b>Purchases of capital assets</b>	<b>40,323</b>	-	<b>(40,323)</b>	-	-

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<b>Net assets, end of year</b>	<b>47,275</b>	<b>1,300,538</b>	<b>1,582,001</b>	<b>2,929,814</b>	1,664,142
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*The accompanying notes are an integral part of these financial statements*

## Wood Buffalo Food Bank Association Statement of Cash Flows

*For the year ended July 31, 2020*

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from fundraising, donations, grants and other contributions	3,268,299	1,364,424
Cash paid to suppliers and employees	(2,121,358)	(1,693,183)
Interest income	9,098	18,939
Insurance recoveries	180,844	-
Government subsidies	39,738	-
	1,376,621	(309,820)
<b>Investing</b>		
Purchases of guaranteed investment certificates	(1,100,000)	-
Proceeds on disposal of guaranteed investment certificates	-	177,495
Purchases of capital assets	(40,323)	-
	(1,140,323)	177,495
<b>Increase (decrease) in cash resources</b>	<b>236,298</b>	<b>(132,325)</b>
<b>Cash resources, beginning of year</b>	<b>1,453,601</b>	<b>1,585,926</b>
<b>Cash resources, end of year</b>	<b>1,689,899</b>	<b>1,453,601</b>

*The accompanying notes are an integral part of these financial statements*



# Wood Buffalo Food Bank Association

## Notes to the Financial Statements

For the year ended July 31, 2020

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### 1. Incorporation and nature of the organization

Wood Buffalo Food Bank Association (the "Association") was incorporated under the Societies Act of Alberta on December 22, 1983. The Association operates a food bank to alleviate hunger in the Regional Municipality of Wood Buffalo area by soliciting donations and collecting food for distribution through a network of programs that serve target population groups. The Association receives support from the community, charitable organizations and corporate sponsorship.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### ***Fund accounting***

The Association maintains three funds in accordance with the principles of fund accounting: Unrestricted fund, Invested in capital assets fund and Internally restricted fund.

The Unrestricted fund is used to account for all revenue and expenses related to general and ancillary operations of the Association.

The Invested in capital assets fund is used to account for all capital assets of the Association and to present the flow of funds related to their acquisition and disposal and unspent capital resources.

The Internally restricted fund is used to account for net assets of the Association that have been designated by the Board of Directors for a specific purpose. These amounts are not available for other purposes without the approval of the Board of Directors.

#### ***Revenue recognition***

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Revenue from all other sources is recognized as revenue in the year in which it is received or is receivable.

#### ***Contributed materials and services***

Volunteers contribute time each year to aid the Association in carrying out its services and fundraising activities. Due to the difficulty in determining the fair value, the financial value of contributed services is not recognized in these financial statements.

The Association receives a significant volume of food products from the community. During the year, the volume of donated food products acquired and distributed through operations was 1,273,326 pounds (2019 - 623,341) with a value of \$2.60 (2019 - \$2.60) per pound based on an estimate provided by a third party. Donated food products revenue and expense is recognized in the statement of operations in the period in which the items are received and distributed within the community. The Association does not record ending inventory.

#### ***Cash resources***

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

**Wood Buffalo Food Bank Association**  
**Notes to the Financial Statements**  
*For the year ended July 31, 2020*

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2. **Significant accounting policies** *(Continued from previous page)*

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Automotive	declining balance	30 %
Computer equipment	declining balance	50 %
Furniture and fixtures	straight-line	20 %
Leasehold improvements	straight-line	term of lease

**Long-lived assets**

Long-lived assets consist of capital assets held for use, measured and amortized as described above.

The Association writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Association's ability to provide goods and services. An asset is also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Association determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

**Income taxes**

The Association is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. The value of donated food products is based on an estimate provided by a third party.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue over expenses in the periods in which they become known.

## Wood Buffalo Food Bank Association Notes to the Financial Statements

*For the year ended July 31, 2020*

### 2. Significant accounting policies *(Continued from previous page)*

#### **Financial instruments**

All financial instruments are initially recorded at their fair value, excluding certain financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions. At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenue over expenses for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Association assess impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenue over expenses.

### 3. Cash

	<b>2020</b>	<b>2019</b>
Unrestricted	<b>1,689,899</b>	1,453,601
Restricted cash - casino <i>(Note 6)</i>	<b>36,544</b>	12,223
Externally restricted for Slow Cooker / Basic Shelf Program <i>(Note 6)</i>	<b>311,831</b>	268,132
	<b>2,038,274</b>	1,733,956

### 4. Term deposits

Term deposits mature September 24, 2020 and bear interest at rates ranging from 1.50% - 2.10%.

### 5. Capital assets

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2020 Net book value</b>	<b>2019 Net book value</b>
Automotive	<b>40,324</b>	<b>6,049</b>	<b>34,275</b>	62,525
Computer equipment	<b>4,229</b>	<b>3,684</b>	<b>545</b>	1,764
Furniture and fixtures	<b>73,290</b>	<b>59,604</b>	<b>13,686</b>	48,299
Leasehold improvements	<b>1,794</b>	<b>1,540</b>	<b>254</b>	11,851
	<b>119,637</b>	<b>70,877</b>	<b>48,760</b>	124,439

## Wood Buffalo Food Bank Association Notes to the Financial Statements

*For the year ended July 31, 2020*

### 6. Deferred contributions related to operations

Deferred contributions consist of unspent contributions externally restricted for a specific purpose. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balances are as follows:

	2020	2019
<b>Casino</b>		
Balance, beginning of year	12,223	21,574
Amount received during the year	-	36,657
Donated gaming funds	82,603	10,750
Amount recognized as revenue during the year	(58,282)	(56,758)
Balance, end of year	36,544	12,223
<b>Slow Cooker / Basic Shelf Program</b>		
Balance, beginning of year	268,132	197,032
Amount received during the year	100,000	100,000
Amount recognized as revenue during the year	(56,301)	(28,900)
Balance, end of year	311,831	268,132
<b>Community Impact Program</b>		
Amount received during the year	69,779	-
Amount recognized as revenue during the year	(37,577)	-
Balance, end of year	32,202	-
	380,577	280,355

### 7. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred contributions related to capital assets are as follows:

	2020	2019
Balance, beginning of year	69,215	100,998
Amount recognized as revenue during the year <i>(Note 12)</i>	(67,730)	(31,783)
Balance, end of year	1,485	69,215

# Wood Buffalo Food Bank Association

## Notes to the Financial Statements

For the year ended July 31, 2020

### 8. Internally restricted net assets

The Board of Directors has internally restricted net assets for the following purposes:

	2020	2019
Capital building funds	1,035,507	1,035,507
Emergency operating fund	199,031	199,031
Capital replacement expenditure reserve (internal restriction for lease agreement)	66,000	66,000
	<b>1,300,538</b>	<b>1,300,538</b>

### 9. Commitments

The Association is committed until January 31, 2022 under an operating lease for office premises to annual rent of \$138,000 plus occupancy costs as defined in the lease.

### 10. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### **Credit risk**

The Association is exposed to credit risk through its cash and accounts receivable. The maximum amount of credit risk exposure is limited to the carrying value of the balances as disclosed in these financial statements. The Association manages its exposure to credit risk on cash and term deposits by placing these financial instruments with high-credit quality financial institutions. The Association assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At July 31, 2020, one source accounted for 93% (2019 - one source accounted for 95%) of the Association's accounts receivable.

#### **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate price risk on its term deposits as they bear interest at fixed rates as disclosed in Note 4.

### 11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

# Wood Buffalo Food Bank Association

## Notes to the Financial Statements

For the year ended July 31, 2020

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### 12. Significant events

#### **COVID-19**

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Association continued to provide services in accordance with the provincial and federal restrictions and regulations.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. Initially the restrictions eliminated the ability of the Association to utilize volunteer labour for operations; once operations transitioned to new space subsequent to the flooding of the primary premises, volunteer support was able to recommence with appropriate social distancing. The Association has also experienced fluctuations in demand for services on account of the initial onset of COVID-19 related business shut-downs, partially offset subsequently by the implementation of government relief programs. These fluctuations may continue to impact the Association subsequent to year-end.

The Association has applied for the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy (TWS). Under the CEWS and TWS programs, organizations experiencing significant revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of employee wages or deductions paid during those periods. For the year ended July 31, 2020, the Association claimed aggregate subsidies under these programs of \$39,738.

#### **Fort McMurray flooding**

On April 27, 2020, the City of Fort McMurray's downtown area experienced a flood. There was significant damage to the Association's premises which has precluded the Association from returning to their premises. Capital assets with a net book value of \$95,686 were severely damaged by the flood, resulting in the recognition of an impairment for the full net book value of those assets. The corresponding deferred contributions balances related to capital assets impaired by the flood were recognized as revenue in the current year to offset the impairment expense.

The Association has filed insurance claims related to its damaged property and recognized insurance recoveries of \$180,844 in the Statement of Operations, of which \$57,800 was receivable at year-end. The Association is expecting to receive further insurance proceeds related to damaged food inventories, however the recoverable amount has not yet been determined and therefore no amount has been recorded in these financial statements.

#### **Building purchase**

On August 14, 2020, the Association placed an offer to purchase land and a building for \$1,100,000. A deposit of \$700,000 has been made and the remaining balance will be payable, with final terms to be determined, and possession given on October 30, 2020.